

**Foremost Insurance Company Grand Rapids, Michigan  
California  
Derivation of Indicated Refund**

Month	April	May	June-August
Product	Motorcycle*	Motorcycle*	Motorcycle*
(1) Target Combined Ratio	95.0%	95.0%	95.0%
(2a) Commissions and Brokerage	14.4%	14.4%	14.4%
(2b) All Other Underwriting Expenses	19.6%	19.6%	19.6%
(3) Target Loss & ALAE Ratio	61.0%	61.0%	61.0%
(4a) Estimated Non-Recoupable Expenses	19.9%	19.9%	19.9%
(4b) Estimated Recoupable Expenses	14.1%	14.1%	14.1%
<u>COVID-19 Estimates</u>			
(5a) Frequency Change	-44%	-26%	-21%
(5b) Severity Change	10%	10%	10%
(5c) Non-Pay Cancels			1.0%
(6) Adjusted Loss & ALAE Ratio Projection	37.6%	49.7%	54.0%
(7a) Indicated Refund to Adequate Rates	29.0%	14.0%	8.6%
<b>(7b) Current CA Rate Indication</b>			8.6%
<b>(7c) Adjusted Indicated Refund</b>			0.8%
<b>(8) Selected</b>	<b>25.0%</b>	<b>25.0%</b>	<b>0.0%</b>

**Notes:**

Line (2): Program-Specific Expense Information

(3) = (1) - (2a) - (2b)

(4a) Non-Recoupable expenses are estimated as roughly 5.5% in addition to Commission and Brokerage

(4b) = (2a) + (2b) - (4a)

(5a) Estimate based on monthly reported claim frequency change from 2019 to 2020, See Exhibit Page 2

(5b) Rough estimate based on media reports of increased speeding and severe accidents on less crowded roads for certain

(5c) Rough estimate of loss ratio impact from premium which will be written off due to non-pay cancel moratorium

(6) = (3) \* [1 + (5a)] \* [1 + (5b)]

(7a) = 1.00 - [(6) + (4a)] / [(1) - (4b)]

(7b) Current Rate Filing

(7c) = 1.00 - {[1.00 - (7a)] \* [1.00 + (7b)]}

\* Motorcycle informaton is combined for the Motorcycle Programs for Foremost Insurance Company Grand Rapids, Michigan and Foremost Pro

**Foremost Insurance Company Grand Rapids, Michigan  
California  
Derivation of Indicated Refund  
Estimation of Frequency Difference**

Month	April	May	June - August	April	May	June - August
Product	Antique & Modified Auto**	Antique & Modified Auto**	Antique & Modified Auto**	Motorcycle*	Motorcycle*	Motorcycle*
(1a) 2019 Overall Claim Frequency	0.65%	0.55%	0.60%	3.20%	2.99%	3.35%
(1b) 2020 Overall Claim Frequency	0.21%	0.26%	0.51%	1.81%	2.43%	2.81%
(2a) 2019 Collision and Theft Claim Frequency	0.50%	0.35%	0.23%	2.99%	2.82%	3.04%
(2b) 2020 Collision and Theft Claim Frequency	0.16%	0.16%	0.35%	1.56%	2.06%	2.33%
(3) 2020 Collision and Theft Frequency Difference from 2019	-0.34%	-0.19%	0.12%	-1.42%	-0.76%	-0.71%
<b>(4) Estimated Claim Frequency Change due to Pandemic</b>	<b>-53%</b>	<b>-35%</b>	<b>20%</b>	<b>-44%</b>	<b>-26%</b>	<b>-21%</b>
Premium Refund Indicated	Y	Y	N	See Page 1	See Page 1	See Page 1

**Notes:**

- Line (1): Monthly reported claims divided by earned vehicle years, excluding towing-only claims
- (2) Monthly reported claim frequency for claims with Collision and Theft causes of loss only
- (3) = (2b) - (2a)
- (4) = (3) / (1a)

\* Motorcycle informaton is combined for the Motorcycle Programs for Foremost Insurance Company Grand Rapids, Michigan and Foremost Property and Casualty Insurance Company

\*\* Includes combined information for the Antique and Classic Auto Program and the Modified Auto Collectors Program.